



百仕達控股有限公司\*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168



**2022**  
INTERIM REPORT

\* For identification purpose only

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Xiang Ya Bo  
(*Chairman and Chief Executive Officer*)  
Chen Wei

#### *Non-executive Directors*

Ou Jin Yi Hugo  
Ou Yaping  
Tang Yui Man Francis

#### *Independent Non-executive Directors*

Tian Jin  
Xiang Bing  
Xin Luo Lin

### AUTHORISED REPRESENTATIVES

Ou Jin Yi Hugo  
Xiang Ya Bo

### COMPANY SECRETARY

Lo Tai On

### AUDIT COMMITTEE

Xin Luo Lin (*Chairman*)  
Tian Jin  
Xiang Bing

### NOMINATION COMMITTEE

Tian Jin (*Chairman*)  
Xiang Bing  
Xiang Ya Bo  
Xin Luo Lin

### REMUNERATION COMMITTEE

Xin Luo Lin (*Chairman*)  
Xiang Bing  
Xiang Ya Bo

### AUDITOR

PricewaterhouseCoopers  
Registered Public Interest Entity  
Auditors  
22/F., Prince's Building  
Central  
Hong Kong

### REGISTERED OFFICE

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Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Stock Code : 1168  
Website : <http://www.sinolinkhk.com>

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
46th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712 – 1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### LEGAL ADVISORS

(*As to Hong Kong Law*)  
Cleary Gottlieb Steen & Hamilton (Hong Kong)  
Deacons  
Guantao & Chow Solicitors & Notaries  
JunHe Law Offices  
Norton Rose Fulbright Hong Kong  
Tsang, Chan & Wong  
  
(*As to Bermuda Law*)  
Conyers Dill & Pearson

### PRINCIPAL BANKERS

Bank of China Limited  
Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
Ping An Bank  
The Bank of East Asia, Limited



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## FINANCIAL HIGHLIGHTS

### FOR THE SIX MONTHS ENDED 30 JUNE 2022

- Revenue decreased 13.0% to HK\$185.3 million
- Gross profit decreased 19.2% to HK\$107.6 million
- Profit attributable to owners of the Company amounted to HK\$85.1 million
- Basic earnings per share amounted to HK1.34 cents

## MANAGEMENT DISCUSSION AND ANALYSIS

From the perspective of global markets, many investors began the year looking forward to a booming economic cycle. However, at present the situation is evolving rapidly, with a series of chain reactions brought about by the Russian-Ukrainian war, the actions by central banks (especially the Federal Reserve (“Fed”)) to fight inflation and the end of easing monetary policy dominating the global markets.

Affected by the Russian-Ukrainian war, global crude oil benchmark prices are approaching new highs in the past 10 years. The retail gasoline prices also surged to a record high this spring in the United States, commodities have been one of the best-performing asset classes this year. More than 20% of Europe’s oil and nearly 40% of its natural gas are imported from Russia. As expected, European wholesale energy prices have risen three to four times since the Russian-Ukrainian war. The European economy faces a major and disruptive supply shock. Many European governments have introduced fiscal stimulus programs to try to protect consumers from the serious impact of rising energy costs, but spending growth is set to decline, and the impact of higher energy prices on overall economic growth in Europe will be about 30% higher than in the United States.

In such context, the European Central Bank (ECB)’s plan to raise interest rates for the first time in eight years will become more complicated, but the ECB appears to be resolute. This move of the ECB marks a significant watershed in its history. After central banks lowered interest rates to negative values in 2014, global financial markets accumulated up to US\$18 trillion in negative-yielding debt. As the Fed begins raising rates this year, the giant iceberg has melted away from its peak in 2021 to just US\$2.5 trillion. The era of negative-yielding bonds may be coming to an end. In addition, European countries are likely to increase defense spending and will accelerate the pace of investment to ensure access to alternative solutions or products that are expected to replace Russian energy. Clean energy, cybersecurity, traditional defense and infrastructure will also continue to receive support.

In the past first half of the year, the overall U.S. inflation rate hit a new high in the past 40 years (8.3% in April, 8.6% in May and 9.1% in June). Inflation is high and persistently high for a long time, which led the Fed to manage inflation expectations as its priority right now in order to prevent the occurrence of expected self-fulfillment. However, there are multiple signs that inflation is peaking. Wage growth is a key factor in inflation and is responsible for the “wage and price spiral upwards”. In June, wage growth fell to 4.2% from 6% at the end of last year, which is generally consistent with maintaining the Fed’s 2% inflation target and the 3.5-4% wage growth range. Commodity prices have also fallen sharply since mid-June, so food and energy prices should also fall in the coming months. The wholesale gasoline prices in the United States have fallen 15% since July, and retail gasoline prices were falling every day for the past 30 days. Other market-based inflation indicators fell significantly, for example, the 1-year break-even inflation rate fell to 3.5% from a high of over 6% at the end of March.

## MANAGEMENT DISCUSSION AND ANALYSIS

In respect of economic data, the U.S. gross domestic product (“GDP”) contracted again in the second quarter. While the labor market remains tight, challenges from higher interest rates and shrinking wealth have led to small-scale layoffs in the real estate, construction and technology sectors. Short-term economic data is also not optimistic, with sluggish consumption, weak business investment and a continued slowdown in the property market. June PMI data showed that manufacturing new orders and the job market began to shrink. A series of signs indicate that the U.S. economy has little room to maneuver to achieve a soft landing, and if financial conditions are further tightened, the possibility of the U.S. economy falling into recession around the end of the year will increase.

Regarding the trend of China’s economy, the frequent spread of domestic pandemic has led to a significant increase in adverse effects. The economic development is extremely unusual, unexpected factors have brought serious impact, and the downward pressure on the economy has increased significantly in the second quarter. In the first half of 2022, China’s GDP was RMB56,264.2 billion, a year-on-year increase of 2.5% at constant prices. The per capita disposable income of national residents was RMB18,463, a nominal increase of 4.7% year-on-year.

Due to the severe impact of the COVID-19 lockdown measures, China’s economic data for April showed the sharpest decline in economic growth since the first outbreak of the pandemic. In the past few months, policymakers have repeatedly announced increased policy support. In terms of monetary policy, the People’s Bank of China lowered interest rate policy tools such as the loan market quoted interest rate, the RMB deposit reserve ratio, the deposit interest rate and the mortgage interest rate. In addition to reducing financing costs, the central bank has also provided policy guidance for small and medium-sized enterprises and more affected industries to increase the amount of credit. At the same time, the government also announced a series of fiscal support measures, including tax cuts and increased infrastructure investment. With a series of stimulus policies from the government and the improvement of the pandemic situation, the decline in major economic indicators narrowed in May, the economy stabilized and rebounded in June, and the economy achieved a positive growth of 0.4% in the second quarter.

The Group has been actively responding to the Chinese government’s and the Hong Kong SAR government’s continued approach to promote financial technology (“FinTech”) development, and made great efforts in exploring the methodology of enhancing its business model and creating value for the Group. While maintaining to develop real estate business and financing services business, the Group actively collaborated with leading FinTech companies in the market and grasped every opportunity to develop in the FinTech market. For instance, we invested in ZhongAn Online P & C Insurance Co., Ltd. (“ZhongAn Online”) (stock code: 6060), with whom we established a joint venture, ZhongAn Technologies International Group Limited (“ZhongAn International”).

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2022, the Group's revenue was HK\$185.3 million, decreasing by 13.0% as compared to the same period of last year. Gross profit was HK\$107.6 million, decreasing by 19.2% as compared to the same period of last year. The Company recorded profit attributable to the owners of the Company of HK\$85.1 million during the period, as compared with loss attributable to owners of the Company to the same period of last year of HK\$114.4 million. Basic earnings per share amounted to HK1.34 cents, as compared to a basic loss per share of HK2.27 cents of same period of last year.

### PROPERTY RENTAL

For the six months ended 30 June 2022, total rental income amounted to HK\$82.6 million, representing a decrease of 23.6% as compared to the same period of last year. Shenzhen had experienced a week lock-down period in March 2022. The entire Shenzhen city including bus and subway systems were shut, along with business providing non-essential services. Due to the outbreak of the post COVID-19 pandemic, rental income recorded from investment properties dropped due to rent concession granted to tenants during the first half of the year with an aim to help them to overcome the challenging situation.

The aforesaid rental income was mainly contributed by our commercial property portfolio, composed of *The Vi City*, *Sinolink Garden Phase One to Four* and *Sinolink Tower*.

#### *Sinolink Tower*

Located in the Luohu district in Shenzhen, *Sinolink Tower*, composed of the hotel and office complex of Sinolink Garden Phase Five, has a total gross floor area ("GFA") of approximately 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters.

For the six months ended 30 June 2022, the occupancy rate of the office portion of *Sinolink Tower* was approximately 37%. Tenants are mainly engaged in jewelry, investment and real estate business.

*O Hotel*, the Group's first hotel that is dedicated to delivering a personalized experience, has 188 rooms and suites, a trendy restaurant, a specialty coffee shop, a premium fitness club and other facilities. During the period, the hotel continued to operate in a challenging business environment. Due to the repeated outbreak of the COVID-19 pandemic and the implementation of pandemic prevention and control policies, *O Hotel*, as a feature hotel under our proprietary brand, still experienced a low occupancy rate. The management has adopted measures for more stringent cost control and better services to improve the overall performance of the hotel.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROPERTIES UNDER DEVELOPMENT

As at 30 June 2022, the Group has the following properties under development:

#### 1. *Rockbund*

Located at the Bund in Shanghai, *Rockbund* is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project has a total site area of 18,000 square meters with a GFA of 94,080 square meters, and comprises of the repairs and operation of heritage buildings, and the construction of some new structures. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have already commenced operation and have been leased out. The foundation of the new building structures have been completed, with structural works well under way. The entire project is expected to commence operation gradually upon completion of the construction in 2023.

#### 2. *Ningguo Mansions*

Located in the Changning District of Shanghai, *Ningguo Mansions* is a residential project currently in the construction and inspection phase. The project, with a total site area of 13,599.6 square meters and a plot ratio of 1.0, will be developed into 11 quadrangle courtyards boasting a fusion of Chinese and Western cultures, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is in charge of the construction, decoration and design of the project. Situated in one of the most accessible, low-density and tranquil luxury neighborhoods in Shanghai, *Ningguo Mansions* is approximately 10-minute and 30-minute ride away from the airport and the downtown respectively.

The project is currently undergoing inspection, with 4 luxuriously decorated buildings and 7 bare shells, and the landscaping work is undergoing subsequent improvement and inspection. Later, appropriate operational arrangements will be made based on market demand and the actual conditions.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCING SERVICES BUSINESS

Financing services business are principally engaged in provision of efficient financial leasing solutions and multiple consultancy services, to satisfy technology and new economy companies' demands for financial services at different stages of development. The financing services business is financed by the Group's internal resources. In view of the fast development and adjustment in the financing services business in the PRC in recent years and our high standard requirements and emphasis on risk assessment on customers, the current source of customers are mainly by referral of close business partners or customers with excellent credit records.

For the six months ended 30 June 2022, the interest income from financing services business amounted to HK\$11.7 million (for the six months ended 30 June 2021: HK\$10.6 million) which mainly comprised interest income from receivable-based lending services of Nil (for the six months ended 30 June 2021: HK\$1.8 million), interest income from entrusted loans of HK\$3.7 million (for the six months ended 30 June 2021: HK\$1.4 million), interest income from other loans of HK\$8.0 million (for the six months ended 30 June 2021: HK\$7.4 million) and interest income from finance leases receivables of HK\$0.01 million (for the six months ended 30 June 2021: HK\$0.01 million).

The Group has provided business factoring services, specifically as receivables-based lending services in the PRC. In order to enhance its cashflow problem to meet its operation needs, trade receivables from customers is pledged to the Group to obtain a short term borrowings. The legal title of the receivables has not changed. Business factoring services is regulated by the Measures for the Supervision and Administration of Commercial Factoring Companies in Tianjin (《天津市商業保理公司監督管理暫行辦法》). During the six months ended 30 June 2021, the Group provided receivables-based lending services to one customer for its trade receivables and interest rate was fixed at 5.5% per annum. The receivables-based lending was guaranteed with terms less than 3 months. The Group did not provide any receivables-based lending services in 2022.

The Group has provided entrusted loans to certain PRC customers. Entrusted loans are loans made by to the customers, using a licensed bank as a servicing agent. The Group will pay to the licensed bank a service fee and the credit risk is borne by the Group. Entrusted loans service is regulated by the Administrative Measures on Entrusted Loans of Commercial Banks (《商業銀行委託貸款管理辦法》) issued by China Banking and Insurance Regulatory Commission (中國銀行保監督管理委員會). The entrusted loans are unsecured, interest rates are fixed and ranged from 5.0% to 5.5% per annum with terms of 1 year.

The Group had loan receivables provided to independent third parties. During the six months ended 30 June 2022 and 30 June 2021, the major loan receivables is provided to an independent third party with principal of RMB220,000,000, unsecured, interest rate at 6% per annum and the loan will be expired in September 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group has provided financial leasing services in the PRC for customers (from individuals to corporates) for equipment (ranging from office equipment, 3C equipment and motor vehicles). Financing lease services is regulated by the Interim Measures for the Supervision and Administration of Shanghai Finance and Leasing Companies (《上海市融資租賃公司監督管理暫行辦法》). Interest rates are fixed and ranged from 5.5% to 10.0% per annum and terms of leases are ranged from 6 months to 5 years.

As at 30 June 2022, loan receivables to independent third parties are unsecured, carried at fixed interest rate ranged from 4.0% to 7.0% (31 December 2021: 4.0% to 7.0%) per annum and will be matured in 2022 to 2023 (31 December 2021: 2022 to 2023). Due to the impacts on various sectors from the outbreak of the COVID-19 pandemic and the delay in resumption of work and production of the enterprises, we made continuous efforts to enhance risk management of the financial leasing and factoring business.

AA Investment Management Limited (“AA Investment”) is a wholly-owned subsidiary of the Company which holds Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) Licenses of the Securities and Futures Commission of Hong Kong (“SFC”) to carry out regulated activities in the financing services sector. Ever since 2021, AA Investment launched our investment services such as discretionary account management service and investment fund dealing service, we have strived to improve user experience, system efficiency and other areas that will enhance our overall service quality. On the other hand, we continue to seek break-through in terms of new business ventures, this includes providing investment services to other financial institutions. In fact, we have been preparing to partner with ZA Bank Limited since the beginning of this year, as we shall be a supplier for their investment fund service.

During the period, as AA Investment is still at the initial stage of operation, no income is generated (for the six months ended 30 June 2021: Nil).

We believe that there are new opportunities within the challenges arising from the COVID-19 pandemic. Although the clients affected by the pandemic are faced with increasing liquidity risks in the short term, which may impose downward pressure on the Group’s asset quality and in turn impact its short-term operating results to a certain extent, we are confident that with improvement in the situation for mid to long-run, enterprises with high growth will gradually recover from liquidity shortage and remain favorable in the market, to which the Group will pay close attention. We will take proactive measures to tackle the new challenges brought by the complex situation.

### OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the six months ended 30 June 2022, the Group recorded a revenue of HK\$91.0 million from other businesses, representing a decrease of 3.6% as compared to the same period of last year.

### JOINT VENTURE – ZHONGAN INTERNATIONAL

The Company entered into the joint venture agreement with ZhongAn Information and Technology Services Co., Ltd. (“ZhongAn Technology”), a wholly-owned subsidiary of ZhongAn Online, pursuant to which the Company and ZhongAn Technology agreed to jointly invest in ZhongAn International to enable the Company to partner with ZhongAn Technology to explore international business development, collaboration and investment opportunities in the areas of FinTech and Insurtech in overseas markets. Pursuant to the Joint Venture Agreement dated 8 December 2017, the Company and ZhongAn Technology owned 49% and 51% of the voting interest in ZhongAn International, respectively.

On 29 April 2021, the Company entered into the subscription agreement with ZhongAn Technology and ZhongAn International, pursuant to which the Company conditionally agreed to subscribe for, and ZhongAn International conditionally agreed to allot and issue, an aggregate of 500,000,000 new redeemable preference shares of ZhongAn International for a total subscription price of RMB500,000,000 (equivalent to approximately HK\$600,197,000) in cash (“Subscription Agreement”). Details of which are set out in the circular dated 9 August 2021. The Subscription Agreement was completed on 3 May 2021. During the six months ended 30 June 2022, RMB250 million (equivalent to approximately HK\$305.6 million) has been redeemed. As at 30 June 2022, the fair value of redeemable preference shares amounted to approximately HK\$305.1 million (31 December 2021: HK\$633.5 million), representing 2.5% (31 December 2021: 5.0%) of the Group’s total assets. The unrealised fair value loss on other financial assets at FVTPL amounted approximately HK\$8.8 million for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

On 27 October 2021, the Company entered into the Share Purchase Agreement with ZhongAn Technology, ZhongAn International, Warrior Treasure Limited (“Warrior”) and AIA VCC for a/c of AIA Opportunities Fund - Venture Capital 2021 (“Opportunities Fund”), pursuant to which, among other things, the Company has conditionally agreed to subscribe for 74,212,258 new ZhongAn International Ordinary Shares for a subscription price of approximately US\$49 million (equivalent to approximately HK\$381.2 million). The dilution of the interests in ZhongAn International resulted in a gain of approximately HK\$309.2 million in the year 2021, being the difference between the proportionate share of ZhongAn International’s net assets attributable to the Group and the carrying amount of the interests in ZhongAn International before the dilution, recognised in the profit or loss during the year ended 31 December 2021. All investors have conducted closing on 23 November 2021. ZhongAn Technology, the Company, Warrior and Opportunities Fund hold approximately 45.15%, approximately 43.21%, approximately 8.67% and approximately 2.97% voting interests of the joint venture, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 2 March 2022, ZhongAn Technology further subscribed for 105,088,530 new ZhongAn International Ordinary Shares. The dilution of the interests in ZhongAn International resulted in a gain of approximately HK\$183.6 million, being the difference between the proportionate share of ZhongAn International's net assets attributable to the Group and the carrying amount of the interests in ZhongAn International before the dilution, recognised in the profit or loss during the six months ended 30 June 2022. As at 30 June 2022, ZhongAn Technology, the Company, Warrior and Opportunities Fund hold approximately 47.32%, approximately 41.50%, approximately 8.33% and approximately 2.85% voting interests of the joint venture, respectively.

ZhongAn International and its subsidiaries provide technology developments and technology consulting services to customers; virtual banking services to its customers and insurance business.

As at 30 June 2022, carrying amount of the Group's interest in ZhongAn International amounted to approximately HK\$996.6 million (31 December 2021: HK\$1,069.1 million), representing 8.3% (31 December 2021: 8.5%) of the Group's total assets. As at 30 June 2022, the Company held 1,103,212,258 ZhongAn International Ordinary Shares and the voting interest in ZhongAn International was 41.50% (31 December 2021: 43.21%). The original cost is approximately HK\$1,538 million. For the six months ended 30 June 2022, there was no dividend received from ZhongAn International.

### *Business Review and Outlook*

The Board acknowledges that ZhongAn International, as a FinTech company, will take time to build and require substantial upfront investment in development of hardware and underlying technologies before it is capable of generating profit. The FinTech industry is fast-growing, and it is believed that the industry may dramatically alter the financial services model in the coming decade. The Board considers that the investment by the Company in ZhongAn International is a long-term investment and believes that the performance of ZhongAn International will improve over the next few years. Given the considerable impact of FinTech and Hong Kong SAR government's continuous support for the industry, the Board considers its investment in ZhongAn International presents numerous opportunities which are beneficial to the Company.

Through provision of additional funds to ZhongAn International, it will continue to establish and improve its target-oriented team management system, cultivate key talents and expand new business. In addition, ZhongAn International will continue to leverage on the advantage of Hong Kong as an international city to establish a stronghold in Hong Kong. ZhongAn International will continue to leverage synergies of its brands to further upgrade user experience and create more values for users in terms of digital financial and wealth management experience in the future, and continue to assist Hong Kong in developing FinTech, promoting inclusive finance.

## MANAGEMENT DISCUSSION AND ANALYSIS

While making strenuous efforts to exploit markets in Hong Kong, Japan and Southeast Asia, the Company believes that ZhongAn International will explore business opportunities in other countries and regions across the globe, seek for more ecosystem partners and continue to export Insurtech solutions and provide integrated financial services.

As of 30 June 2022, the Group's share of loss of ZhongAn International was HK\$101.1 million (compared to the corresponding period in 2021: loss of HK\$156.4 million), which was mainly attributable to the preliminary development, manpower and business expansion costs incurred by ZhongAn International.

### *ZA Bank Limited ("ZA Bank")*

ZhongAn International actively participates in FinTech innovation in Hong Kong and ZA Bank became one of the first banks in Hong Kong to be granted a virtual banking license on 27 March 2019. On 24 March 2020, ZA Bank officially became the first virtual bank in Hong Kong, providing Hong Kong residents with breakthrough banking products and services.

Within just over two years of its official opening, ZA Bank has always adhered to the concept of innovation and integrity, and users first (創新守正·用戶為先). With its innovative and safe products and services, ZA Bank has injected new vitality into the digital development of Hong Kong's financial industry. As of 30 June 2022, ZA Bank has won the trust and support from over 600,000 retail users. The balance of deposits reached over HK\$8 billion, and the balance of loans reached over HK\$4 billion.

In January 2022, ZA Bank has become the first virtual bank in Hong Kong to be granted a Type 1 regulated activity (dealing in securities) license by the SFC, and formally extended its business to the investment field.

So far, ZA Bank has become one of the virtual banks with the most comprehensive product line in Hong Kong, providing users with 24-hour digital banking services such as deposits, loans, transfers, consumption, insurance, investment and commercial banking. It is a virtual bank that is a one-stop personal integrated wealth management platform covering banking, investment and insurance services. Through a fully digital operation model, ZA Bank can fully meet the financial needs of the public.

## MANAGEMENT DISCUSSION AND ANALYSIS

In April 2022, ZA Bank and Generali Life (Hong Kong) Limited (“Generali Hong Kong”) announced the cooperation in bancassurance business, which is the first partnership in Hong Kong formed by an internationally renowned insurance company and Hong Kong’s leading virtual bank. The cooperation combines the centuries-old knowledge of Generali Hong Kong and the FinTech advantages of ZA Bank, with the common goal of providing superior innovative financial products to allow customers to manage their personal finances and security more flexibly and independently. Generali Hong Kong has launched life insurance products on the ZA Bank App. The first phase of the partnership launched 5 comprehensive life products, including critical illness, savings, retirement, qualifying deferred annuity policies and premium refundable life plans.

In June 2022, ZA Bank took advantage of the Hong Kong SAR government’s launch of the 2022 (Phase 2) Consumption Voucher Scheme, and launched an account opening discount with Octopus, the stored value payment tool that most Hong Kong citizens choose to receive consumer vouchers. The cooperation integrates ZA Bank’s market-leading innovative services with the advantages of ZA Bank App’s convenience and ease of use, together with Octopus’ huge user and merchant network, to jointly promote the development of Hong Kong’s digital economy in the post-pandemic era, and provide citizens with warm financial products and services.

### *ZA Life Limited (“ZA Insure” or “ZA Life”)*

In May 2020, ZA Life, the joint venture between ZhongAn International and Fubon Life Insurance (Hong Kong) Company Limited, obtained a digital-only insurer license from the Hong Kong Insurance Authority under its Fast Track pilot scheme. Under the business name of ZA Insure, it has launched a variety of basic life and medical insurance.

With the advantage of ZhongAn International’s dual licenses, ZA Insure has partnered with ZA Bank, a subsidiary of ZhongAn International, to bring Hong Kong’s first virtual bank and fully digital insurance company to users through the ZA Bank App. The three-year “ZA Savings Insurance” launched last year has been well received by users. Partnering with ZA Bank again in the first half of 2022, ZA Insure further launched “ZA Savings Insurance 2”, with the guaranteed average return of up to 2.5% per annum<sup>1</sup> persisted, to help users achieve their financial goals flexibly. At present, users can obtain insurance products provided by ZA Insure in the ZA Bank App in as soon as 3 minutes.

<sup>1</sup> “guaranteed 2.5% p.a. return” refers to the Internal Rate of Return (IRR) of the policy at the end of the 3rd policy year (maturity), assuming no partial or full surrender has been made.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *ZA Tech Global Limited (“ZA Tech”)*

ZhongAn International, in collaboration with SoftBank Vision Fund Phase 1, established ZA Tech to export ZhongAn’s cutting-edge technology solutions to overseas markets. ZA Tech focuses on providing comprehensive innovative digital solutions to insurance companies and Internet companies, redefining the insurance value chain and Internet ecology with technology.

Currently, ZA Tech has made outstanding achievements in the field of Insurtech in many Asian markets, with footprints in Japan, Singapore, Malaysia and Indonesia, and has further expanded to Vietnam, Thailand and the Philippines, etc. With cutting-edge solutions, extensive industry knowledge and accumulated experience in Asia, ZA Tech has become the best technology partner for insurance companies and Internet companies to assist them in digital transformation and innovative growth.

In April 2022, ZA Tech became the latest investor of Aladin Bank, the first Islamic digital bank in Indonesia. In the future, we will strive to play the dual roles of investors and business partners, and actively expand the business ecosystem for Aladin Bank. Both parties will focus on long-term strategic cooperation, including but not limited to product and technology sector. Aladin Bank, as a Future Sharia Bank, is committed to expanding the Islamic finance territory in Indonesia. This investment partnership demonstrates ZhongAn’s commitment to promoting financial inclusion in Indonesia and is a product of the combination of Islamic digital banking services and Insurtech that will provide more choices for the general public. By conducting insurance transactions through modern digital means, a wider group of people can have access to digital insurance products at a more affordable price.

Also in April 2022, ZA Tech cooperated with Sumitomo Life Insurance (“Sumitomo”), Japan’s leading life insurance group, to jointly launch innovative heatstroke coverage on PayPay, the largest mobile payment platform in Japan, which is widely favoured by the market. In the future, ZA Tech will continue to assist Sumitomo to launch more similar products by virtue of excellent technology to further promote the digitalization of its business.

In May 2022, PT. Web Proteksi Solusindo (WPS), the strategic insurance brokerage partner of ZA Tech, and China Life Insurance Indonesia Co., Ltd (“CLII”) have signed a sales cooperation agreement. ZA Tech, as one of the strategic partners of this cooperation, with leading digital Insurtech solutions, can help CLII to further tap into a wider Indonesian market and provide an easier and more efficient insurance application process.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

The Group's investment in Rockefeller Group Asia Pacific, Inc. ("RGAP") has recognised a nil net loss, representing current period fair value loss of HK\$19.2 million and reversal of portion of share of loss of HK\$23.2 million, in respect of investment in RGAP being recognised in the profit or loss during the period.

A fair value loss of HK\$19.2 million is recognised in current period's profit or loss stemming from loan receivables and amounts due from RGAP (which constituting as part of the total investment in RGAP).

According to Hong Kong Accounting Standard 28 "Investments in Associates", when the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Accordingly, for the period ended 30 June 2022, the Group recorded reversal of share of loss of an associate, RGAP, of HK\$23.2 million (for the period ended 30 June 2021: share of loss of HK\$4.9 million), in respect of the *Rockbund* project.

### LOAN RECEIVABLE FROM AN ASSOCIATE

The loan receivable is an investment in RGAP by way of a shareholder's loan used for financing the *Rockbund* project, constituting a part of the total investment of the Group in RGAP. As the loan receivable is in fact a net investment, the Group has recognised its share of loss of RGAP in excess of the investment cost against the loan receivable. Since HKFRS 9 became effective on 1 January 2018, the loan receivable from RGAP is measured at fair value through profit or loss. The directors of the Company considered that the investment is a long-term investment, which should be classified into a non-current asset accordingly.

According to HKFRS 9, loan receivable from an associate represents an investment in the project of RGAP; hence this amount is not held within a business model whose objective is to collect contractual cash flows. The loan receivable from an associate is measured at fair value through profit or loss. The directors of the Company assessed the fair value of the loan an associate from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate.

As at 30 June 2022, the directors of the Company reassessed the fair value of such investment after taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. The fair value loss was HK\$19.2 million (six months ended 30 June 2021: HK\$89.4 million) during the six months ended 30 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENT

As at 30 June 2022, total equity instruments at fair value through other comprehensive income amounted to HK\$2,241.5 million (31 December 2021 (restated): HK\$2,377.5 million), mainly representing that of ZhongAn Online owned by the Group of approximately HK\$2,066.2 million (31 December 2021 (restated): HK\$2,187.3 million), which was measured at fair value at the end of this reporting period. As at 30 June 2022, the significant investment of the Group is as follows:

Number of shares held as at 30 June 2022	Percentage of shareholding as at 30 June 2022	Unrealised fair value gain (loss) recognised in other comprehensive income for the six months ended 30 June 2022	Realised fair value gain (loss) recognised in other comprehensive income for the six months ended 30 June 2022	Dividends received for the six months ended 30 June 2022	Approximate percentage of the Group's total asset as at 30 June 2022	Cost of investment	Market value * as at 30 June 2022	
	%	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	% (unaudited)	HK\$'000	HK\$'000 (unaudited)	
Hong Kong listed shares								
- ZhongAn Online (Stock code: 6060)	81,000,000	5.51	16,375	-	-	17.2	92,000	2,066.2

\* In 2020, ZhongAn Online obtained the approval for circulation of its converted H shares, and the H share full circulation shares is subject to lock-up mechanisms on the H shares of ZhongAn Online, the Group has taken into account the aforesaid lock-up mechanisms on the H shares of ZhongAn Online.

ZhongAn Online is an online Insurance + Technology (“Insurtech”) company, incorporated in the PRC with limited liability and is a joint stock company engaged in FinTech business, which provides internet insurance services, insurance information technology services and online banking services to customers.

The performance and prospects of the Group’s significant investment during the period are detailed below:

During the period ended 30 June 2022, the gross written premiums of ZhongAn Online was approximately RMB10,771 million, representing an increase of approximately 9.4% for the corresponding period in 2021; the net loss attributable to owners of the parent company was approximately RMB622 million, a decrease of approximately 182.3% for the corresponding period in 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

As the first internet-based Insurtech company in China, ZhongAn Online upheld the mission of “empowering the finance business with technologies and providing insurance services with a caring hand”. ZhongAn Online embraced the two-winged growth strategy of “Insurance + Technology”, and adhered to integrating technologies into the whole insurance value chain. By empowering the insurance value chain with technologies and adopting an ecosystem-oriented approach, ZhongAn Online focuses on the Internet life from the customer end through self-operated channels and over 300 platforms operated by its ecosystem partners, in order to meet the diversified protection demands of customers and create value for them. ZhongAn Online proved and upgraded its technology strength in the operation of its insurance business, and aims to enable the Internet insurance industry chain to export Insurtech and facilitate the digital transformation of the industry.

In the future, ZhongAn Online, as a pioneer in the Insurtech and FinTech industry, will utilize its experience accumulated in Insurtech sector in the PRC to release the synergetic value of various ecosystems, and grow along with the industry with openness and long-term win-win as its goal.

### RIGHTS ISSUE AND USE OF PROCEEDS

References are made to the Company’s announcement dated 6 January 2021 and circulars dated 11 February 2021 and 19 March 2021. Capitalized terms used in this interim report shall have the same meanings stated in the above announcement and circulars. The Company implemented the Rights Issue on the basis of four Rights Shares for every five ordinary shares in issue at the Subscription Price of HK\$0.28 per Rights Share to raise up to approximately HK\$793.2 million by way of issuing up to 2,832,890,264 Rights Shares. The reasons for the Rights Issue were to prepare (i) for further investment into the FinTech business through ZhongAn International, (ii) to reduce the debt level of, and (iii) as additional working capital for the Group.

The Rights Issue was approved by the shareholders of the Company at the special general meeting on 8 March 2021 and the Rights Issue was completed on 15 April 2021. The net proceeds from the Rights Issue (after deducting expenses) are approximately HK\$788.2 million.

As of 30 June 2022, the intended use and actual use of the net proceeds from the Rights Issue, as well as the unutilized net proceeds therefrom are as follows:

	Intended use of proceeds from the Rights Issue <i>HK\$' million</i>	Unutilized net proceeds as at 1 January 2022 <i>HK\$' million</i>	Actual use of net proceeds during the period <i>HK\$' million</i>	Unutilized net proceeds as at 30 June 2022 <i>HK\$' million</i>
Repayment of external debts	118.2	–	–	–
Further investment into the FinTech business of the Group	591.2	–	–	–
General working capital	78.8	9.7	9.7	–
Total	788.2	9.7	9.7	–

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

Looking ahead, the global economy faces many challenges. Affected by factors such as the Russian-Ukrainian conflict, COVID-19 pandemic and rising global inflationary pressures, the global economic growth has slowed down significantly. In the “World Economic Outlook Report” released by the IMF, the world economic growth rate is expected to slow from 6.1% last year to 3.2% this year, which is 0.4 percentage points lower than the previous forecast of 3.6%.

In developed economies such as the United States, the supply chain recovery is still slow. With the risk of a wage-price spiral, the decline in US inflation is expected to be relatively limited during the year, and it will not be able to return to the Fed’s monetary policy target range. The global inflation situation remains severe. While U.S. consumer and business development remains solid and technological innovation continues to gain momentum, the current economic cycle is moving forward rapidly, while governments and central banks are reducing their support for the economy. The world economic situation is rapidly evolving.

In respect of China, the economic recovery in the second half of this year will not be easy either. China is facing a much tougher environment than the rapid rebound that followed the first outbreak control two years ago. Looking back to 2020, strong exports and a booming property market quickly propelled the economy into a “V-shaped” recovery. Now, these favorable factors no longer exist. As global growth slows down and consumer spending shifts from goods to services in developed markets, external demand is likely to slow down as a result. At the same time, strict regulations imposed on the property market in 2021 led to a sharp decline in the sector, which has yet to bottom out. In addition, domestic demand has not yet recovered. Growth in goods and services consumption has not returned to pre-pandemic levels, even before the implementation of the second-quarter lockdown measures, and economic activity data for May suggests that weak consumption will gradually become a key issue. Consumption performance remains very weak, in stark contrast to the rapid rebound in industrial output after the lifting of the containment measures. In the absence of a fundamental change in measures to prevent the pandemic, large shortfalls in the services sector may persist, and there may be risks in the labor market that could further hinder a full recovery in consumption.

In this context, economic growth of 2.5% in the first half of the year compares favorably with the expected annual growth target of about 5.5% in GDP set in this year’s government work report, meaning that the second half of the year will require a lot of hard work. In the second half of the year, the likelihood of a significant recovery in property investment is relatively low, and infrastructure is an important source of economic growth this year, with construction projects mainly focused on government-supported water supply, sewage treatment, data centers and other projects that are distinct from traditional infrastructure construction.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the long run, the COVID-19 pandemic may have accelerated the structural slowdown in China. A long-term slowdown in China is inevitable due to the aging population trend and the drag from high debt, but the question is how fast it will happen. The COVID-19 pandemic has accelerated global trends such as digitalization, working from home, and low-carbon environmental protection, and appears to have accelerated growth slowdown in China. Compared with the situation before the pandemic, China is facing higher debt levels, weaker domestic demand and lower investment returns. The continued slowdown in productivity growth in recent years is also an important challenge, and if this situation is not reversed, more structural weakness is likely to occur in future growth. While getting rid of “inflationary” growth is not a bad thing in the long run, the challenges posed by the structural slowdown should not be underestimated anyway.

Of all the industries, we consider that the FinTech industry has the greatest development potential. FinTech has experienced rapid development over the past several years, and this technology is continuously being applied to various financial service scenarios, which not only increases the efficiency of the financial service industry, but also provides the general public with more products and service options. In particular, amidst the outbreak of the COVID-19 pandemic at the beginning of the year, technology helped to change and improve our lifestyle by providing faster and more convenient services and experiences. We witnessed rapid improvement in the potential and room for development in technology, which in turn offers more opportunities and greater value.

In terms of business development, while striving to balance the profitability and growth of the existing business, we will also spare no effort in exploring new development opportunities. The Group will continue to ride on the development momentum of the FinTech industry in the future, and also provide a business development for the Group’s stable growth and bring long-term values for shareholders through proper resource allocation and effective management.

### FINANCIAL REVIEW

The Group’s total borrowings was HK\$1,055 million as at 30 June 2022 (31 December 2021: HK\$955 million). As at 30 June 2022, the Group’s gearing ratio, calculated on the basis of total borrowings over shareholders’ equity, was 12.0% as compared with 10.2% as at 31 December 2021 (restated). The Group remained financially strong with a net cash position.

At 30 June 2022, HK\$982.4 million (31 December 2021: HK\$930.3 million) were pledged to banks to secure general banking facilities granted to the Group. The borrowings of the Group is denominated in HK\$. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purposes; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rate fluctuation on the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's cash and bank balances amounted to HK\$3,178.5 million (31 December 2021: HK\$2,974.4 million) (including structured deposits, bank deposits, pledged bank deposits, and cash and cash equivalents) as at 30 June 2022, mostly denominated in RMB, HK\$ and USD.

### CAPITAL COMMITMENTS

As at 30 June 2022, the Group had commitments of HK\$25.5 million (31 December 2021: HK\$28.8 million) in respect of properties under development.

### CONTINGENT LIABILITIES

As at 30 June 2022, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK\$7.8 million.

### DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2022, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 30 June 2022 is presented as follows:

	<i>HK\$'000</i>
Non-current assets	6,299,654
Current assets	1,725,214
Current liabilities	(1,852,144)
Non-current liabilities	(8,354,370)
	<hr/>
Net Liabilities	(2,181,646)
	<hr/> <hr/>

The Group's attributable interest in the associated companies as at 30 June 2022 comprised net liabilities of HK\$1,045,327,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies as 30 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2022 (2021: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed approximately 650 full time employees for its principal activities. The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Group.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the period ended 30 June 2022.

### CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange save as disclosed below.

Pursuant to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period, Mr. Xiang Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Group. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and also as the Chief Executive Officer of the Group is acceptable and in the best interest of the Group. There are adequate balance of power and safeguards in place. The Board will review and monitor this situation periodically and would ensure that the present structure would not impair the balance of power of the Company.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2022, all Directors have complied with the required standard set out in the Model Code.

## MANAGEMENT DISCUSSION AND ANALYSIS

### AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and supervising over the Group’s financial reporting processes and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Xin Luo Lin, Dr. Xiang Bing and Mr. Tian Jin. The Audit Committee meets regularly with the Company’s senior management and the Company’s external auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The Audit Committee has reviewed and discussed the unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 which have been prepared in accordance with the applicable standards, the Listing Rules and the statutory provisions and sufficient disclosure have been made. In addition, the Company’s external auditor, PricewaterhouseCoopers, has performed an independent review of the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By order of the Board  
**Sinolink Worldwide Holdings Limited**  
**XIANG Ya Bo**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 August 2022

## OTHER INFORMATION

### DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code, to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in shares or underlying shares of the Company*

Name of Directors	Capacity	Interest in shares			Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued shares of the Company as at 30.6.2022
		Personal interest	Corporate interest	Family interest				
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	3,468,000	16,968,000	0.266%
Ou Yaping	Joint interest and interest of controlled corporation	–	3,272,309,301 (Note)	13,113,738	3,285,423,039	–	3,285,423,039	51.54%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	40,460,000	61,835,000	0.970%
Tian Jin	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%
Xiang Bing	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%
Xiang Ya Bo	Beneficial owner	–	–	–	–	40,460,000	40,460,000	0.635%
Xin Luo Lin	Beneficial owner	–	–	–	–	2,312,000	2,312,000	0.036%

*Note:* These 3,272,309,301 shares of the Company are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Details of the share options granted to the above Directors are set out in the below section headed "Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation".

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Pursuant to the Company's share option scheme adopted in 2012, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 30 June 2022 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number	Number	Approximate
				of shares subject to outstanding options as at 1.1.2022	of shares subject to outstanding options as at 30.6.2022	percentage of the issued shares of the Company as at 30.6.2022
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.185	1,734,000	1,734,000	0.027%
		15.05.2016-14.05.2025	1.185	1,734,000	1,734,000	0.027%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.185	20,230,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	20,230,000	20,230,000	0.317%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%
Xiang Bing	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.185	20,230,000	20,230,000	0.317%
		15.05.2016-14.05.2025	1.185	20,230,000	20,230,000	0.317%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.185	1,156,000	1,156,000	0.018%
		15.05.2016-14.05.2025	1.185	1,156,000	1,156,000	0.018%

*Notes:*

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- These options represent personal interest held by the Directors as beneficial owners.

Other than the share option scheme of the Company mentioned below, at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## OTHER INFORMATION

### DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

As at the date of this interim report, the Company is not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### SHARE OPTION SCHEMES OF THE COMPANY

#### (A) 2012 Share Option Scheme

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the date of its adoption. The 2012 Share Option Scheme expired on 16 May 2022. No further options shall thereafter be offered under the 2012 Share Option Scheme but the options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2012 Share Option Scheme shall remain in full force and effect. Movement of options granted under the 2012 Share Option Scheme were set out below.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK\$
2015A Option	15.05.2015	15.11.2015-14.05.2025	1.185
	15.05.2015	15.05.2016-14.05.2025	1.185
2015B Option	15.05.2015	15.11.2015-14.05.2025	1.185
	15.05.2015	15.05.2016-14.05.2025	1.185
	15.05.2015	15.11.2016-14.05.2025	1.185

## OTHER INFORMATION

The following table discloses movements in the Company's share options granted under the 2012 Share Option Scheme during the period:

Option types	Outstanding at 1.1.2022	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2022	
<i>Category 1: Directors</i>						
Chen Wei	2015A Option	3,468,000	-	-	-	3,468,000
Tang Yui Man Francis	2015A Option	40,460,000	-	-	-	40,460,000
Tian Jin	2015A Option	2,312,000	-	-	-	2,312,000
Xiang Bing	2015A Option	2,312,000	-	-	-	2,312,000
Xiang Ya Bo	2015A Option	40,460,000	-	-	-	40,460,000
Xin Luo Lin	2015A Option	2,312,000	-	-	-	2,312,000
Total for Directors		<u>91,324,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,324,000</u>
<i>Category 2: Employees</i>						
	2015B Option	<u>40,460,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,460,000</u>
Total for employees		<u>40,460,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,460,000</u>
All categories		<u>131,784,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,784,000</u>

### Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- During the period, no options were granted, exercised, lapsed or cancelled under the 2012 Share Option Scheme.

### (B) 2022 Share Option Scheme

A new share option scheme was adopted by shareholders of the Company at the annual general meeting on 31 May 2022 (the "2022 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2022 Share Option Scheme has a life of 10 years from 31 May 2022 and no options were granted since the date of its adoption.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 30 June 2022, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued shares of the Company:

#### *Long Positions in Shares or Underlying Shares of the Company*

Name of shareholder	Capacity/Nature of Interest	Interest in Shares	Interest in Derivatives	Total Interests	Approximate percentage of the Company's issued shares at 30.6.2022
Asia Pacific <i>(Note)</i>	Beneficial owner/Beneficial interest	3,272,309,301	-	3,272,309,301	51.34%

*Note:* The 3,272,309,301 shares of the Company are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, a Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO. His interests are disclosed in the section headed "Directors' Interest or Short Position in Shares and Underlying Shares" above.

Save as disclosed above, as at 30 June 2022, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**To the Board of Directors of Sinolink Worldwide Holdings Limited**  
(incorporated in Bermuda with limited liability)

## *INTRODUCTION*

We have reviewed the interim financial information set out on pages 29 to 70, which comprises the interim condensed consolidated statement of financial position of Sinolink Worldwide Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## *SCOPE OF REVIEW*

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

### *CONCLUSION*

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 29 August 2022

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended	
		30 June 2022 HK\$'000 (unaudited)	30 June 2021 HK\$'000 (unaudited)
Revenue			
Interest income		11,723	10,613
Rental income		82,568	108,098
Revenue from contracts with customers		91,018	94,406
Total revenue	5	185,309	213,117
Cost of services	9	(77,714)	(79,900)
Gross profit		107,595	133,217
Other income	6	59,506	47,975
Selling expenses	9	(1,533)	(1,638)
Administrative expenses	9	(75,121)	(54,682)
Other (losses)/gains	6	(13,745)	21,529
Fair value changes on investment properties	13	—	2,401
Fair value (loss)/gain on other financial assets at fair value through profit or loss ("FVTPL")		(25,018)	60,780
Fair value loss on loan receivable from associates at FVTPL and amounts due from associates at FVTPL		(19,187)	(89,446)
Gain on dilution of interests in an associate	14	183,629	—
Share of results of associates		(77,858)	(157,599)
Finance costs	7	(17,244)	(10,830)
Profit/(loss) before income tax		121,024	(48,293)
Income tax expense	8	(23,756)	(49,101)
Profit/(loss) for the period		97,268	(97,394)
Attributable to:			
Owners of the Company		85,109	(114,434)
Non-controlling interests		12,159	17,040
		97,268	(97,394)
		<b>HK cents</b>	<b>HK cents</b>
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company			
– Basic	11	1.34	(2.27)
– Diluted	11	1.34	(2.27)

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<b>Six months ended</b>	
	<b>30 June 2022</b>	30 June 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	<i>(restated)</i>
		<i>(Note 2.1)</i>
Profit/(loss) for the period	<b>97,268</b>	(97,394)
<b>Other comprehensive (expense)/income</b>		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from the translation from functional currency to presentation currency	<b>(487,545)</b>	100,405
Changes in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	<b>(42,788)</b>	523,689
Share of fair value loss on equity instruments at FVTOCI of an associate, net of tax	<b>(103,293)</b>	—
Other comprehensive (expense)/income for the period, net of tax	<b>(633,626)</b>	624,094
Total comprehensive (expense)/income for the period	<b>(536,358)</b>	526,700
Total comprehensive (expense)/income attributable to:		
Owners of the Company	<b>(407,649)</b>	400,767
Non-controlling interests	<b>(128,709)</b>	125,933
	<b>(536,358)</b>	526,700

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	Notes	As at	
		30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (restated) (Note 2.1)
<b>Non-current assets</b>			
Property, plant and equipment	12	247,709	259,612
Investment properties	13	2,700,000	2,822,127
Interests in associates	14	1,213,322	1,292,944
Amounts due from associates at FVTPL	16	—	—
Loan receivable from associates at FVTPL	16	—	—
Loan receivables	15	293,527	383,822
Equity instruments at FVTOCI	19	2,241,517	2,377,470
Other financial assets at FVTPL	20	684,495	1,121,063
Deposits, other receivables and other non-current assets	18	208,907	158,399
Finance lease receivables		—	1
Deferred tax assets	23	3,326	3,035
Pledged bank deposits		982,416	930,275
Bank deposits		710,526	176,039
		<b>9,285,745</b>	<b>9,524,787</b>
<b>Current assets</b>			
Stock of properties	17	911,246	951,774
Trade and other receivables, deposits and prepayments	18	32,802	53,434
Loan receivables	15	290,812	167,703
Finance lease receivables		1	4
Other financial assets at FVTPL	20	21,283	28,347
Bank deposits		128,655	21,743
Structured deposits	21	66,082	307,036
Cash and cash equivalents		1,290,818	1,539,354
		<b>2,741,699</b>	<b>3,069,395</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	Notes	As at	
		30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (restated) (Note 2.1)
Current liabilities			
Trade payables, deposits received and accrued charges	22	429,566	455,249
Contract liabilities		10,504	9,133
Income tax payable		772,341	829,123
Borrowings	26	1,055,000	955,000
Lease liabilities		2,012	2,501
		<u>2,269,423</u>	<u>2,251,006</u>
Net current assets		<u>472,276</u>	<u>818,389</u>
Total assets less current liabilities		<u>9,758,021</u>	<u>10,343,176</u>
Non-current liabilities			
Lease liabilities		8,208	—
Deferred tax liabilities	23	947,888	1,004,893
		<u>956,096</u>	<u>1,004,893</u>
Net assets		<u>8,801,925</u>	<u>9,338,283</u>
Capital and reserves			
Share capital	24	637,400	637,400
Reserves		6,749,347	7,156,996
Equity attributable to owners of the Company		<u>7,386,747</u>	<u>7,794,396</u>
Non-controlling interests		<u>1,415,178</u>	<u>1,543,887</u>
Total equity		<u>8,801,925</u>	<u>9,338,283</u>

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The interim condensed consolidated financial information on pages 29 to 70 were approved by the Board of Directors of the Company on 29 August 2022 and were signed on its behalf.

**Xiang Ya Bo**  
Executive Director

**Chen Wei**  
Executive Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company										
	Share capital	Share premium	Translation reserve	Share option reserve	General reserves	Contributed surplus	Revaluation reserve	Retained earnings	Sub-Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022											
(as previously stated)	637,400	2,334,899	821,777	79,300	185,464	367,782	962,067	2,204,515	7,593,204	1,493,588	9,086,792
Restatement (Note 2.1)	-	-	26,929	-	-	-	174,263	-	201,192	50,299	251,491
At 1 January 2022 (as restated)	637,400	2,334,899	848,706	79,300	185,464	367,782	1,136,330	2,204,515	7,794,396	1,543,887	9,338,283
Profit for the period	-	-	-	-	-	-	-	85,109	85,109	12,159	97,268
Other comprehensive expense for the period	-	-	(350,696)	-	-	-	(142,062)	-	(492,758)	(140,868)	(633,626)
Total comprehensive (expense)/ income for the period	-	-	(350,696)	-	-	-	(142,062)	85,109	(407,649)	(128,709)	(536,358)
Transfers	-	-	-	-	169	-	-	(169)	-	-	-
At 30 June 2022 (unaudited)	637,400	2,334,899	498,010	79,300	185,633	367,782	994,268	2,289,455	7,386,747	1,415,178	8,801,925

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company										
	Share capital	Share premium	Translation reserve	Share option reserve	General reserves	Contributed surplus	Revaluation reserve	Retained earnings	Sub-Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021											
(as previously stated)	354,111	1,824,979	613,295	79,300	185,071	367,782	1,315,800	2,014,197	6,754,535	1,475,842	8,230,377
Restatement (Note 2.1)	-	-	18,711	-	-	-	335,218	-	353,929	88,483	442,412
At 1 January 2021 (as restated)	354,111	1,824,979	632,006	79,300	185,071	367,782	1,651,018	2,014,197	7,108,464	1,564,325	8,672,789
(Loss)/profit for the period	-	-	-	-	-	-	-	(114,434)	(114,434)	17,040	(97,394)
Other comprehensive income for the period	-	-	80,944	-	-	-	434,257	-	515,201	108,893	624,094
Total comprehensive income/(expense) for the period	-	-	80,944	-	-	-	434,257	(114,434)	400,767	125,933	526,700
Issuance of shares by rights issue (Note 24)	283,289	509,920	-	-	-	-	-	-	793,209	-	793,209
Transfers	-	-	-	-	952	-	-	(952)	-	-	-
At 30 June 2021 (as restated)	637,400	2,334,899	712,950	79,300	186,023	367,782	2,085,275	1,898,811	8,302,440	1,690,258	9,992,698

Note: The general reserves represents the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<b>Six months ended</b>	
	<b>30 June 2022</b>	30 June 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	<b>(81,394)</b>	60,911
Income tax paid	<b>(58,924)</b>	(22,663)
Interest received from financing services business	<b>11,127</b>	2,755
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	<b>(129,191)</b>	41,003
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Other interest received	<b>73,485</b>	15,647
Dividend received	<b>5,062</b>	7,000
Placement of structured deposits	<b>(67,990)</b>	(923,806)
Withdrawal of structured deposits	<b>302,233</b>	432,173
Placement of bank deposits	<b>(678,099)</b>	—
Withdrawal of bank deposits	<b>5,760</b>	14,051
Placement of pledged bank deposits	<b>(95,066)</b>	(3,001)
Purchase of property, plant and equipment	<b>(2,689)</b>	(2,442)
Proceeds from disposal of property, plant and equipment	<b>7</b>	—
Purchase of equity instruments at FVTOCI	<b>(841)</b>	(3,373)
Receipts from disposal of equity instruments at FVTOCI	<b>4</b>	—
Purchase of Redeemable Preference Shares (defined in Note 20)	<b>—</b>	(600,240)
Proceed from redemption of Redeemable Preference Shares	<b>305,623</b>	—
Advance to associates	<b>(6,950)</b>	(60,869)
Repayment from associates	<b>10,290</b>	—
	<hr/>	<hr/>
Net cash used in investing activities	<b>(149,171)</b>	(1,124,860)
	<hr/>	<hr/>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended	
	30 June 2022	30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Cash flows from financing activities</b>		
Issuance of shares by rights issues (Note 24)	—	793,209
Proceeds of borrowings	<b>100,000</b>	—
Repayment of lease liabilities	<b>(2,558)</b>	(4,820)
Interest paid	<b>(11,854)</b>	(9,945)
	<hr/>	<hr/>
Net cash generated from financing activities	<b>85,588</b>	778,444
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(192,774)</b>	(305,413)
Cash and cash equivalents at beginning of the period	<b>1,539,354</b>	1,275,637
Effect of foreign exchange rate changes on cash and cash equivalents	<b>(55,762)</b>	12,131
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b><u>1,290,818</u></b>	<b><u>982,355</u></b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 1 GENERAL INFORMATION

Sinolink Worldwide Holdings Limited (the “Company”) is a public limited company incorporated in Bermuda as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are increasingly focused on financial technology (FinTech) investment and management, while it is also engaged in property development, property management, property investment, financial services and asset financing.

The interim condensed consolidated financial information is presented in thousands of units of Hong Kong dollar (HK\$’000), unless otherwise stated. This interim condensed consolidated financial information has been approved by the Board on 29 August 2022.

The interim condensed consolidated financial information for the six months ended 30 June 2022 has not been audited.

## 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period.

### 2.1 RESTATEMENT OF PRIOR YEAR BALANCES

As at 31 December 2021, the Group owned 81,000,000 H Shares of ZhongAn Online P&C Insurance Co., Ltd. (“ZhongAn Online”) (“ZhongAn Online H Shares”), a company listed on the Stock Exchange, within which 62,057,778 ZhongAn Online H Shares were subject to a lock-up mechanism. The Group accounts for this investment as an equity investment at fair value through other comprehensive income. The fair value of the shares subject to lock-up mechanism as at 31 December 2021 was deemed to be HK\$1,340,463,000, derived from the market value of the ZhongAn Online H Shares together with a discount on lack of marketability (“DLOM”), based on a valuation performed by an independent professional valuer, to reflect the lock-up restriction.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 2.1 RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

In preparing the interim condensed consolidated financial information for the six months ended 30 June 2022 and after obtaining more information with respect to mechanism to deal with these ZhongAn Online H Shares, the directors of the Company revisited the lock-up restriction with reference to HKFRS 13 “Fair Value Measurement”. The directors believe that viewing the lock-up mechanism as a restriction on the Group better reflects the interpretation of the accounting standard. This change results in the directors measuring the fair value of such investment based on quoted bid prices of ZhongAn Online without any DLOM. This change in accounting policy arises from the change in the directors’ assessment of the factual circumstances and has been applied retrospectively.

The accumulated effects as a result of the restatements increased the Group’s net asset value as at 31 December 2021 by HK\$251,491,000 (2.8% of the Group’s net assets value as at 31 December 2021), and increased the Group’s other comprehensive income for the six months ended 30 June 2022 by HK\$69,682,000 (12.6% of the Group’s other comprehensive income for the six month period ended 30 June 2021). There is no impact to the Group’s profit for the six month period ended 30 June 2021. A summary of the accumulated effects of the restatements on the consolidated statement of financial position of the Group as at 31 December 2021 and the interim condensed consolidated statement of comprehensive income of the Group for the six month period ended 30 June 2021 are presented below:

### *Impact to the consolidated statement of financial position as at 31 December 2021*

	As at 31 December 2021		
	As previously stated HK\$'000	Restatement HK\$'000	As restated HK\$'000
<b>Non-current assets</b>			
Equity instruments at FVTOCI	2,042,146	335,324	2,377,470
<b>Non-current liabilities</b>			
Deferred tax liabilities	(921,060)	(83,833)	(1,004,893)
<b>Equity</b>			
Reserves	(6,955,804)	(201,192)	(7,156,996)
Non-controlling interests	(1,493,588)	(50,299)	(1,543,887)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 2.1 RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

*Impact to the interim condensed consolidated statement of comprehensive income for the six month period ended 30 June 2021*

	For the six months period ended 30 June 2021		
	As previously stated HK\$'000	Restatement HK\$'000	As restated HK\$'000
<b>Loss for the period</b>	<u>(97,394)</u>	<u>—</u>	<u>(97,394)</u>
<b>Other comprehensive income</b>			
Exchange differences arising from the translation to presentation currency	95,009	5,396	100,405
Changes in fair value of equity instruments at FVTOCI, net of tax	<u>459,403</u>	<u>64,286</u>	<u>523,689</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>554,412</u>	<u>69,682</u>	<u>624,094</u>
<b>Total comprehensive income for the period</b>	<u><u>457,018</u></u>	<u><u>69,682</u></u>	<u><u>526,700</u></u>

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period, except for as noted in Note 2.1, the estimation of income tax and the adoption of new and amended standards as set out below.

### (a) *New and amended standard adopted by the Group*

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Amendments to HKAS 16	Property, Plant and Equipment Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRS 3 Accounting Guideline 5 (Revised)	Reference to the Conceptual Framework Merger Accounting for Common Control Combinations
Annual Improvements Projects	Annual Improvements to HKFRS Standards 2018 - 2020

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 3 ACCOUNTING POLICIES (Continued)

### (b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts	1 January 2023
Amendments to Hong Kong Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual consolidated financial statements for the year ended 31 December 2021.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 5 REVENUE AND SEGMENT INFORMATION

### (a) Revenue

Revenue primarily represents revenue arising from property management fee income, rental income, interest income from financing services business and other service income, after deducting discounts and other sales related taxes. An analysis of the Group's revenue for the period is as follows:

	<b>Six months ended</b>	
	<b>30 June 2022</b>	30 June 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Recognised over time under HKFRS 15		
"Revenue from Contracts with Customers" ("HKFRS 15"):		
– Property management fee income	<b>63,383</b>	66,008
– Others	<b>27,635</b>	28,398
	<hr/>	<hr/>
Recognised under HKFRS 15	<b>91,018</b>	94,406
Recognised under other HKFRSs:		
– Rental income	<b>82,568</b>	108,098
– Interest income from financing services business	<b>11,723</b>	10,613
	<hr/>	<hr/>
	<b>185,309</b>	213,117
	<hr/> <hr/>	<hr/> <hr/>

All of the Group's revenue is generated from the People's Republic of China (the "PRC") during the six months ended 30 June 2022 and 30 June 2021.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 5 REVENUE AND SEGMENT INFORMATION (Continued)

### (a) Revenue (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

#### For the six months ended 30 June 2022 (unaudited)

	Property management HK\$'000	Property investment HK\$'000	Financing services HK\$'000	Others HK\$'000	Total HK\$'000
Property management fee income	63,383	–	–	–	63,383
Others	–	–	–	27,635	27,635
<b>Revenue from contracts with customers</b>	<b>63,383</b>	<b>–</b>	<b>–</b>	<b>27,635</b>	<b>91,018</b>
Rental income	–	82,568	–	–	82,568
Interest income from financing services business	–	–	11,723	–	11,723
<b>Total revenue</b>	<b>63,383</b>	<b>82,568</b>	<b>11,723</b>	<b>27,635</b>	<b>185,309</b>

#### For the six months ended 30 June 2021 (unaudited)

	Property management HK\$'000	Property investment HK\$'000	Financing services HK\$'000	Others HK\$'000	Total HK\$'000
Property management fee income	66,008	–	–	–	66,008
Others	–	–	–	28,398	28,398
<b>Revenue from contracts with customers</b>	<b>66,008</b>	<b>–</b>	<b>–</b>	<b>28,398</b>	<b>94,406</b>
Rental income	–	108,098	–	–	108,098
Interest income from financing services business	–	–	10,613	–	10,613
<b>Total revenue</b>	<b>66,008</b>	<b>108,098</b>	<b>10,613</b>	<b>28,398</b>	<b>213,117</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 5 REVENUE AND SEGMENT INFORMATION (Continued)

### (b) Segment information

For management purposes, the Group is currently organised into the following operating segments:

Property development:	property development and sale of properties
Property investment:	property leasing
Property management:	provision of property management services
Financing services:	provision of efficient financial leasing solutions and multiple consultancy services

These segments are the basis on which the Group reports to the executive directors of the Company, the Group's chief operating decision makers ("CODM"), for performance assessment and resource allocation. The CODM assess the performance of the operating segments based on a measure of segment result.

Segment result represents the profit/(loss) before income tax incurred by each segment without allocation of other income, unallocated corporate expenses, unallocated other (losses)/gains, gain on dilution of interests in an associate, share of results of associates, fair value gain on other financial assets at FVTPL, fair value loss on loan receivables from associates and amounts due from associates, finance costs and income tax expense.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 5 REVENUE AND SEGMENT INFORMATION (Continued)

### (b) Segment information (Continued)

The following is an analysis of the Group's revenue and results by reportable and operating segments:

#### Six months ended 30 June 2022 (unaudited)

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue							
External sales	—	82,568	63,383	11,723	157,674	27,635	185,309
Result							
Segment result	(323)	67,653	1,069	8,694	77,093	(2,129)	74,964
Other income							59,506
Unallocated corporate expenses							(46,137)
Unallocated other (losses)/gains							(11,631)
Fair value gain on other financial assets at FVTPL							(25,018)
Fair value loss on loan receivable from associates and amounts due from associates							(19,187)
Gain on dilution of interests in an associate							183,629
Share of results of associates							(77,858)
Finance costs							(17,244)
Profit before income tax							121,024

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 5 REVENUE AND SEGMENT INFORMATION (Continued)

### (b) Segment information (Continued)

Six months ended 30 June 2021 (unaudited)

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue							
External sales	—	108,098	66,008	10,613	184,719	28,398	213,117
Result							
Segment result	(1,210)	102,519	2,969	25,650	129,928	(7,411)	122,517
Other income							47,975
Unallocated corporate expenses							(26,902)
Unallocated other (losses)/gains							5,212
Fair value gain on other financial assets at FVTPL							60,780
Fair value loss on loan receivable from associates and amounts due from associates							(89,446)
Share of results of associates							(157,599)
Finance costs							(10,830)
Loss before income tax							(48,293)

No analysis of the Group's assets and liabilities by reportable and operating segments is disclosed as it is not regularly provided to the CODM for review.

There is no seasonality of the operation of the Group.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 6 OTHER INCOME AND OTHER (LOSSES)/GAINS

	Six months ended	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	30 June 2021 <i>HK\$'000</i> <i>(unaudited)</i>
<b>Other income comprises:</b>		
Dividends from financial assets at FVTOCI	5,062	7,000
Interest income on bank deposits	36,102	9,706
Interest income on pledged deposits	13,227	14,208
Interest income on structured deposits	2,116	10,940
Interest income on other financial assets at FVTPL	—	2,693
Others	2,999	3,428
	<b>59,506</b>	<b>47,975</b>
<b>Other (losses)/gains comprises:</b>		
(Provision for)/reversal of provision for impairment of financial assets		
– Loan receivables	(2,112)	5,145
– Finance lease receivables	—	80
– Trade receivables	—	11,092
Net exchange (loss)/gain	(11,633)	5,212
	<b>(13,745)</b>	<b>21,529</b>

## 7 FINANCE COSTS

	Six months ended	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	30 June 2021 <i>HK\$'000</i> <i>(unaudited)</i>
Interest on borrowings	16,247	9,677
Interest on lease liabilities	163	268
Interest on deposits received for rental	834	885
	<b>17,244</b>	<b>10,830</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 8 INCOME TAX EXPENSE

	Six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
– PRC corporate income tax	26,474	32,345
– PRC withholding income tax	12,225	–
Deferred income tax (Note 23)	(14,943)	16,756
	<u>23,756</u>	<u>49,101</u>

### *PRC corporate income tax*

The income tax provision of the Group in respect of operations in the PRC has been recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

The corporate income tax rate applicable to the group entities located in the PRC is 25% (six months ended 30 June 2021: 25%) according to the Corporate Income Tax Law of the PRC (the "CIT Law").

### *PRC withholding income tax*

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2017, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

### *Hong Kong profits tax*

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2022 (six months ended 30 June 2021: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profit for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 8 INCOME TAX EXPENSE (Continued)

Since prior years, Hong Kong Inland Revenue Department (“IRD”) queried against a subsidiary of the Group regarding the chargeability of notional interest income received from an associate of the Group in the tax returns for the years of assessment 2005/2006 to 2013/2014. Up to 30 June 2022, the IRD has issued Assessments for the years of assessment 2006/2007 to 2013/2014 and the Group has purchased tax reserve certificates of approximately HK\$134,750,000 for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2013/2014 and the amount is presented as “other receivables” in the Group’s interim condensed consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group, that the IRD would put up the case for Commissioner’s determination. In 2021, Commissioner has issued notice of objection to the Group and the Group has filed notice of appeal to Board of Review (Inland Revenue Ordinance) for hearing and determining tax appeals. Up to the date of issuance of this condensed consolidated financial information, the appeal hearing is yet to be held. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant years of assessments and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

Furthermore, since prior years, IRD queried against another subsidiary of the Group regarding the offshore income on the transactions between group entities in the tax return for the year of assessment 2007/2008. Up to 30 June 2022, the Group has purchased tax reserve certificate of approximately HK\$23,649,000 for conditional standover order of objection and the amount is presented as “other receivables” in the Group’s interim condensed consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group, that the IRD would put up the case for Commissioner’s determination. In 2021, Commissioner has issued notice of objection to the Group and the Group has filed notice of appeal to Board of Review (Inland Revenue Ordinance) for hearing and determining tax appeals. Up to the date of issuance of this condensed consolidated financial information, the appeal hearing is yet to be held. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 9 EXPENSES BY NATURE

	Six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Employee benefit expenses (including directors' emoluments)	70,953	71,983
Depreciation of right-of-use assets	4,387	4,095
Depreciation of other property, plant and equipment	12,352	15,122
Legal and professional fees	24,433	4,582
Utilities	12,126	13,288
Repairs and maintenance	7,216	8,217

## 10 DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period (six months ended 30 June 2021: nil). The directors resolved that no dividend will be paid in respect of the interim period (six months ended 30 June 2021: nil).

## 11 EARNINGS/(LOSS) PER SHARE

### (a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended	
	30 June 2022	30 June 2021
	(unaudited)	(unaudited)
Profit/(loss) attributable to owners of the Company during the periods (HK\$'000)	85,109	(114,434)
Weighted average number of ordinary shares in issue	6,374,003,096	5,051,074,646
Basic earnings/(loss) per share (HK\$ cents)	1.34	(2.27)

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the six months ended 30 June 2021 has been adjusted to reflect the impact of the bonus element of rights issue on 15 April 2021.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 11 EARNINGS/(LOSS) PER SHARE (Continued)

### (b) Diluted

The computation of diluted earnings/(loss) per share for both periods has not assumed the exercise of the Company's share options as the exercise price was higher than the average market price of the Company's shares during the periods.

## 12 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$2,689,000 (six months ended 30 June 2021 (unaudited): HK\$2,442,000).

In previous years, the Group has provided an accumulated impairment of HK\$88,211,000 on the hotel buildings and related building improvement. As the recoverable amount of hotel buildings, which was accessed based on fair value less cost of disposal, approximated the carrying amount of that as at 30 June 2022, there is no impairment or reversal of impairment recognised in current interim period.

## 13 INVESTMENT PROPERTIES

	Six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Opening net book amount	2,822,127	2,739,311
Fair value changes on investment properties	—	2,401
Exchange realignment	(122,127)	32,846
	<u>2,700,000</u>	<u>2,774,558</u>

The fair values of the investment properties as at 30 June 2022 and 31 December 2021 have been arrived at on the basis of a valuation carried out on those dates by Messrs. Cushman & Wakefield Limited, an independent qualified professional valuers and are the members of the Hong Kong Institute of Surveyors.

The fair values of investment properties were determined by making reference to comparable sales evidence as available in the relevant market, or where appropriate by the investment method by capitalising the net income derived from the existing tenancies with allowance for the reversionary income potential of the properties.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 13 INVESTMENT PROPERTIES (Continued)

The fair value measurement of the Group's investment properties is categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used. During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3. There has been no change from the valuation technique used in the prior year for offices and retail premises. There were no changes to the valuation techniques during the period.

At 30 June 2022, the Group's investment properties with carrying values of HK\$539,181,000 (31 December 2021: HK\$563,570,000) were pledged to secure general banking facilities granted to the Group.

Below is a summary of the key inputs to the valuation of investment properties as at 31 December 2021 and 30 June 2022:

Properties	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Various properties located in PRC	Income capitalisation approach	Capitalisation rate	4.25% - 7.25%	The higher capitalisation rate, the lower the fair value
		Market rent (sq.m./month)	RMB95 - RMB685	The higher market rent, the higher the fair value

## 14 INTERESTS IN ASSOCIATES

	As at	
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Cost of unlisted interests in associates	1,764,191	1,843,989
Share of post-acquisition results and gain on dilution of interests in an associate (Notes i and ii)	(550,869)	(551,045)
	<u>1,213,322</u>	<u>1,292,944</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 14 INTERESTS IN ASSOCIATES (Continued)

Notes:

- (i) During the six months ended 30 June 2022, the Group's share of loss and other comprehensive income from associates was mainly arisen from ZhongAn Technologies International Group Limited ("ZhongAn International") of HK\$101,071,000 and HK\$103,293,000, respectively (six months ended 30 June 2021 (unaudited): HK\$156,417,000 and nil, respectively). The loss incurred by ZhongAn International is mainly due to staff costs during the period.
- (ii) During the six months ended 30 June 2022, ZhongAn International has issued 105,088,530 shares to the other shareholder of ZhongAn International, and thus, the Group's equity interests in ZhongAn International is decreased from 43.21% to 41.50% as at 30 June 2022. The dilution of the interests in ZhongAn International resulted in a gain of approximately HK\$183,629,000, being the difference between the proportionate share of ZhongAn International's net assets attributable to the Group and the carrying amount of the interests in ZhongAn International before the dilution, recognised in the interim condensed consolidated profit or loss during the six months ended 30 June 2022.

## 15 LOAN RECEIVABLES

	As at	
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Loan receivables (Note i)	596,475	562,236
Less: loss allowance	(12,136)	(10,711)
Total	<u>584,339</u>	<u>551,525</u>
The loan receivables analysed as follows:		
Non-current	293,527	383,822
Current	<u>290,812</u>	<u>167,703</u>
	<u>584,339</u>	<u>551,525</u>

Note:

- (i) Loan receivables to independent third parties are unsecured and carried interest rate ranged from 4.0% to 7.0% (31 December 2021: 4.0% to 7.0%) per annum.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 15 LOAN RECEIVABLES (Continued)

As part of the Group's credit risk management, the debtors are assessed individually by the management of the Group as at 30 June 2022 and 31 December 2021 by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation. The loss rate ranging from 0.58% to 2.23% (31 December 2021: 0.58% to 2.23%) is applied to the debtors. As at 30 June 2022, the impairment loss allowance on loans receivables is HK\$12,136,000 (31 December 2021: HK\$10,711,000).

The loss rates are estimated based on historical observed default rates over the expected life of the debtors, the realisation of collateral and guarantee and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort.

During the six months ended 30 June 2022, the Group has recognised provision for impairment loss allowance of HK\$2,112,000 (six months ended 30 June 2021 (unaudited): reversal of provision for impairment loss allowance of HK\$5,145,000).

### 16 LOAN RECEIVABLE FROM ASSOCIATES AT FVTPL/ AMOUNTS DUE FROM ASSOCIATES AT FVTPL

	As at	
	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Loan receivable from associates		
– measured at FVTPL	681,555	704,082
Less: Share of loss and other comprehensive expenses of associate in excess of cost of investment	(681,555)	(704,082)
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>
Amounts due from associates	<u>–</u>	<u>–</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 16 LOAN RECEIVABLE FROM ASSOCIATES AT FVTPL/ AMOUNTS DUE FROM ASSOCIATES AT FVTPL (Continued)

Rockefeller Group Asia Pacific, Inc. (“RGAP”) is principally engaged in property development and property investment in Shanghai. The amount represents a shareholder’s loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable is considered as a net investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable. The loan receivable including principal and interest is unsecured and has no fixed repayment terms.

Amounts due from associates, which represented the current account with RGAP, were unsecured, interest-free and repayable on demand.

Loan receivable from associates as well as the amounts due from associates represent an investment in the project of RGAP. In accordance with the investment agreement, the Group and the other shareholder contributed minimal amount of capital and substantially all portion of the associates’ capital expenditures/ operations were funded through loan receivable from associates and amounts due from associates by the Group and a detailed analysis of the particular facts and circumstances at the date of origination of the advances led to the conclusion that the contractual cash flows of the advances did not represent purely a return on time value of money and credit risk. Hence, loan receivable from associates as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. Details of the valuation techniques and key inputs are stated in Note 30.

The directors of the Company consider that the loan receivable from associates and amounts due from associates will not be repayable within one year from the end of the reporting period, they are classified as non-current assets in the interim condensed consolidated statement of financial position accordingly.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 17 STOCK OF PROPERTIES

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(audited)</i>
Properties under development	<u>911,246</u>	<u>951,774</u>

Properties under development of the Group are all located in the PRC and expected to be completed and available for sale within normal operating cycle.

## 18 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(audited)</i>
Trade receivables from property management and property investment business	7,084	4,729
Less: loss allowance	—	—
Trade receivables, net	<u>7,084</u>	<u>4,729</u>
Interest receivables from bank deposits	50,419	17,111
Other receivables, deposits, prepayments and other non-current assets	25,807	31,594
Tax reserve certificate (Note 8)	<u>158,399</u>	<u>158,399</u>
	<u>241,709</u>	<u>211,833</u>
Non-current	208,907	158,399
Current	<u>32,802</u>	<u>53,434</u>
	<u>241,709</u>	<u>211,833</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 18 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The Group allows an average credit period ranging from 0 to 60 days to its customers of property management and property investment business from invoices issuance dates. The following is an aged analysis of trade receivables from property management and property investment services presented based on invoice dates at the end of reporting period.

	As at	
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Aged:		
0 to 60 days	4,320	3,348
61 to 180 days	1,577	1,186
Over 181 days	1,187	195
	<u>7,084</u>	<u>4,729</u>

The Group applied simplified approach to provide for ECL prescribed by HKFRS 9 “Financial Instruments” (“HKFRS 9”). To measure the ECL of trade receivables from property management and property investments business, trade receivables have been grouped based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor. Management of the Group considers that the ECL for trade receivables is insignificant as the debtors have good settlement history.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 19 EQUITY INSTRUMENTS AT FVTOCI

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(restated)</i> <i>(Note 2.1)</i>
Equity securities of ZhongAn Online, at fair value (Note i)	2,066,211	2,187,320
Equity securities of an entity listed in Hong Kong, at fair value	79,175	65,300
Unlisted equity securities in Hong Kong, the PRC and overseas, at fair value	96,131	124,850
Total (Note ii)	<u>2,241,517</u>	<u>2,377,470</u>

Notes:

- (i) The Group held 81,000,000 ZhongAn Online H Shares that subject to lock-up mechanisms. As at 30 June 2022, the lock-up of 62,057,778 (31 December 2021: 62,057,778) ZhongAn Online H Shares will be expired in December 2024. The fair value of investment in ZhongAn Online as at 30 June 2022 and 31 December 2021 has been arrived based on the quoted bid prices in an active market.
- (ii) The Group has made an irrevocable election to designate these investments in equity instruments as at FVTOCI. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 20 OTHER FINANCIAL ASSETS AT FVTPL

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(audited)</i>
Equity securities listed in Hong Kong	5,707	6,728
Equity securities listed in the PRC	15,576	21,619
Equity securities listed in the overseas	9,768	22,255
Investments in Redeemable Preference Shares (Note i)	305,115	633,473
Unlisted fund investments in the PRC	220,938	320,981
Unlisted fund investments in overseas	148,674	144,354
	<b>705,778</b>	<b>1,149,410</b>
Non-current	684,495	1,121,063
Current	21,283	28,347
	<b>705,778</b>	<b>1,149,410</b>

Notes:

- (i) The Group has subscribed 500,000,000 redeemable preference shares of ZhongAn International (“Redeemable Preference Shares”) at a consideration of RMB500,000,000 (equivalent to HK\$600,197,000) during the year ended 31 December 2021. ZhongAn International has the right to redeem from the Group all or any portion of Redeemable Preference Shares within 5 years from the date of the issuance of Redeemable Preference Shares. The Group did not have any voting rights from Redeemable Preference Shares and did not have any right to receive dividend from ZhongAn International. In the event of liquidation of ZhongAn International, the Group ranks in priority to other classes of shares in ZhongAn International. As the rights and obligations of the ownership over Redeemable Preference Shares is different from the ownership of ordinary shares of ZhongAn International which the Group accounted for as interests in associates, the Group’s investment in Redeemable Preference Shares is accordance with HKFRS 9 and measured at FVTPL. During the six months ended 30 June 2022, ZhongAn International redeemed 250,000,000 Redeemable Preference Shares from the Group for RMB250,000,000 (equivalent to HK\$305,623,000).
- (ii) Details of the fair value estimation are set out in Note 30.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 21 STRUCTURED DEPOSITS

The Group entered into deposit placements with banks in the PRC. The bank guaranteed 100% of the invested principal amount and returns of which are determined by reference to the change in certain exchange rates quoted in the market as specified in the relevant agreements.

Key terms of the material structured deposits at the end of the reporting period are as follows:

### *At 30 June 2022 (unaudited)*

<b>Principal amount</b>	<b>Maturity</b>	<b>Annual coupon rate</b>	<b>Note</b>
RMB10,000,000	August 2022	from 1.5% to 3.30%	(i)
RMB40,000,000	September 2022	from 1.5% to 3.50%	(i)
RMB6,500,000	August 2022	from 1.5% to 3.40%	(ii)

### *At 31 December 2021 (audited)*

<b>Principal amount</b>	<b>Maturity</b>	<b>Annual coupon rate</b>	<b>Note</b>
RMB216,500,000	January 2022	from 1.30% to 4.21%	(iii)
RMB4,500,000	January 2022	from 1.30% to 3.41%	(iv)
RMB30,000,000	March 2022	from 1.30% to 3.41%	(v)

Notes:

- (i) The annual coupon rate is dependent on whether exchange rate between Great Britain Pound and United States Dollar ("USD") is higher than a rate as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.
- (ii) The annual coupon rate is dependent on whether exchange rate between USD and Japanese Yen is higher than a rate as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.
- (iii) The annual coupon rate is dependent on whether exchange rate between Euro and USD is higher than a rate as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.
- (iv) The annual coupon rate is dependent on whether exchange rate between Australian Dollar and USD is higher than a rate as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.
- (v) The annual coupon rate is dependent on whether exchange rate between Canadian Dollar and USD is higher than a rate as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 22 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(audited)</i>
Trade payables	41,430	33,387
Other payables for construction work	168,821	176,457
Deposits received for rental	37,107	38,660
Advance lease payments	13,985	13,837
Deposits received for management fee	39,535	47,097
Other tax payables	17,392	18,520
Salaries payables and staff welfare payables	51,344	58,589
Other payables and accrued charges	59,952	68,702
	429,566	455,249

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(audited)</i>
Aged:		
0 to 90 days	8,236	5,237
91 to 180 days	4,750	1,621
181 to 360 days	525	201
Over 360 days	27,919	26,328
	41,430	33,387

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 23 DEFERRED TAX ASSETS/(LIABILITIES)

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(restated)</i> <i>(Note 2.1)</i>
Deferred tax assets	3,326	3,035
Deferred tax liabilities	<u>(947,888)</u>	<u>(1,004,893)</u>
	<u><b>(944,562)</b></u>	<u><b>(1,001,858)</b></u>

The following are the major deferred tax (liabilities)/assets recognised and movements thereon during the period:

	Revaluation on investment properties <i>HK\$'000</i>	Revaluation of equity instruments at FVTOCI <i>HK\$'000</i>	Revaluation of other financial assets at FVTPL <i>HK\$'000</i>	ECL provision <i>HK\$'000</i>	Undistributed profits of subsidiaries <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022 (as previously stated)	(378,432)	(447,298)	(52,765)	3,035	(42,565)	(918,025)
Restatement (Note 2.1)	—	(83,833)	—	—	—	(83,833)
At 1 January 2022 (as restated)	<u>(378,432)</u>	<u>(531,131)</u>	<u>(52,765)</u>	<u>3,035</u>	<u>(42,565)</u>	<u>(1,001,858)</u>
Currency realignment	12,430	18,023	1,501	(143)	1,187	32,998
Credited to profit or loss (Note 8)	—	—	7,097	434	7,412	14,943
Credited to other comprehensive income	—	9,355	—	—	—	9,355
At 30 June 2022 (unaudited)	<u><b>(366,002)</b></u>	<u><b>(503,753)</b></u>	<u><b>(44,167)</b></u>	<u><b>3,326</b></u>	<u><b>(33,966)</b></u>	<u><b>(944,562)</b></u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 23 DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

	Revaluation on investment properties <i>HK\$'000</i>	Revaluation of equity instruments at FVTOCI <i>HK\$'000</i>	Revaluation of other financial assets at FVTPL <i>HK\$'000</i>	ECL provision <i>HK\$'000</i>	Undistributed profits of subsidiaries <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021 (as previously stated)	(367,052)	(571,284)	(24,586)	6,870	(36,601)	(992,653)
Restatement (Note 2.1)	—	(147,473)	—	—	—	(147,473)
At 1 January 2021 (as restated)	(367,052)	(718,757)	(24,586)	6,870	(36,601)	(1,140,126)
Currency realignment	(4,413)	(8,380)	(307)	77	(443)	(13,466)
Charged to profit or loss (Note 8)	(600)	—	(8,983)	(4,772)	(2,401)	(16,756)
Charged to other comprehensive income	—	(164,182)	—	—	—	(164,182)
At 30 June 2021 (restated)	<u>(372,065)</u>	<u>(891,319)</u>	<u>(33,876)</u>	<u>2,175</u>	<u>(39,445)</u>	<u>(1,334,530)</u>

## 24 SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each Authorised:		
At 1 January 2021 (audited)	6,000,000,000	600,000
Increase on 8 March 2021 (Note i)	<u>9,000,000,000</u>	<u>900,000</u>
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	<u>15,000,000,000</u>	<u>1,500,000</u>
Issued and fully paid:		
At 1 January 2021 (audited)	3,541,112,832	354,111
Issuance of rights shares (Note ii)	<u>2,832,890,264</u>	<u>283,289</u>
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	<u>6,374,003,096</u>	<u>637,400</u>

Notes:

- (i) On 8 March 2021, the authorised share capital of the Company was increased from HK\$600,000,000 divided into 6,000,000,000 shares of HK\$0.10 each to HK\$1,500,000,000 divided into 15,000,000,000 shares by creation of an additional 9,000,000,000 shares.
- (ii) On 15 April 2021, 2,832,890,264 shares of HK\$0.10 each were issued by way of rights issue at a subscription price of HK\$0.28 per share. The new shares rank pari passu with the existing shares in all respects.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 25 BORROWINGS

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(audited)</i>
Current:		
Bank borrowings – secured and repayment on demand	<u>1,055,000</u>	<u>955,000</u>
Carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	65,400	65,400
Within a period of more than one year but not exceeding two years	90,900	85,900
Within a period of more than two years but not exceeding five years	<u>898,700</u>	<u>803,700</u>
	<u>1,055,000</u>	<u>955,000</u>

All bank borrowings were dominated in HK\$.

As at 30 June 2022, bank borrowings of HK\$1,055,000,000 (31 December 2021: HK\$995,000,000) carried interest at benchmark interest rate as stipulated by Hong Kong Interbank Offered Rate plus a certain percentage.

The interest rates as at the end of the reporting period for the loans range from 1.75% to 3.35% (31 December 2021: 1.75% to 2.80%) per annum.

At 30 June 2022, pledged bank deposits of HK\$982,416,000 (31 December 2021: HK\$930,275,000) and investment properties of HK\$539,181,000 (31 December 2021: HK\$563,570,000) were pledged to banks to secure general banking facilities granted to the Group.

As at 30 June 2022 and 31 December 2021, the Group has the following undrawn borrowing facilities:

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(audited)</i>
Expiring within one year	<u>745,000</u>	<u>845,000</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 26 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the interim condensed consolidated financial information, the Group had the following transactions with related parties during the period.

Name of related party	Nature of transaction	Six months ended	
		30 June 2022 HK\$'000 (unaudited)	30 June 2021 HK\$'000 (unaudited)
Associate:			
Shanghai Bund de Rockefeller Group Master Development Co., Ltd.	Project management fee income	<b>13,098</b>	13,098

#### Key management compensation

Key management compensation for the six months ended 30 June 2022 and 2021 are set out below:

	Six months ended	
	30 June 2022 HK\$'000 (unaudited)	30 June 2021 HK\$'000 (unaudited)
Employee benefit expenses (including directors' emoluments)		
– Salaries and other employee benefits	<b>23,416</b>	24,566
– Pension costs	<b>564</b>	493
	<b>23,980</b>	25,059

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 27 FINANCIAL GUARANTEE CONTRACTS

	As at	
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Guarantees given to bank for the mortgage loans arranged for the purchasers of the Group's properties for sale	<u>7,755</u>	<u>8,597</u>

No financial liabilities were recognised in respect of financial guarantee contracts. In the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were insignificant and it is not probable that the counterparties would default on the relevant loans. At the end of the current interim period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. No loss allowance was recognised in the profit or loss.

### 28 COMMITMENTS

	As at	
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the interim condensed consolidated financial information	<u>25,528</u>	<u>28,842</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 29 SHARE-BASED PAYMENTS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years. On 15 May 2015, the Group granted 79,000,000 share options to the directors of the Company and 40,000,000 share options to the employees of the Group with exercise period from 15 May 2015 to 15 May 2025.

A share option scheme was adopted by shareholders of the Company on 31 May 2022 (the “2022 Share Option Scheme”), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2022 Share Option Scheme has a life of 10 years. During the six months ended 30 June 2022, no shares have been granted.

The table below discloses movement of the Company’s share options held by the directors and the employees for 2012 Share Option Scheme:

	<b>Number of share options</b>
At 1 January 2021 (audited)	114,000,000
Adjustment (Note)	<u>17,784,000</u>
At 30 June 2021 (unaudited)	<u>131,784,000</u>
Exercisable at 30 June 2021	<u>131,784,000</u>
At 1 January 2022 (audited) and 30 June 2022 (unaudited)	<u>131,784,000</u>
Exercisable at 30 June 2022	<u>131,784,000</u>

Note: The number and the exercise price of options which remained outstanding have been adjusted with effect from 15 April 2021 due to rights issue of the Company during the year.

All share options granted under 2012 Share Option Scheme are fully vested as at 31 December 2021 and 30 June 2022. As at 30 June 2022, the share option under 2012 Share Option Scheme is exercisable from the completion of vesting period to 14 May 2025 with exercise price of HK\$1.185 (31 December 2021: HK\$1.185).

As at 30 June 2022, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 131,784,000 (31 December 2021: 131,784,000), representing 2.1% (31 December 2021: 2.1%) of the shares of the Company in issue.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 30 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### (a) Fair value hierarchy and valuation techniques used to determine fair values

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2022 and 31 December 2021 on a recurring basis:

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)		
Equity securities of ZhongAn Online classified as equity instruments at FVTOCI	2,066,211	2,187,320 (restated)	Level 1	Quoted bid prices in an active market
Equity securities of an entity listed in Hong Kong classified as equity instruments at FVTOCI	79,175	65,300	Level 1	Quoted bid prices in an active market
Unlisted equity securities classified as equity instruments at FVTOCI	96,131	124,850	Level 3	Net asset value of the entity (i.e. fair value of the portfolio included in the entity)
Unlisted fund investments classified as financial assets at FVTPL	369,612	465,335	Level 3	Net asset value of fund (i.e. fair value of the portfolio included in the fund)
Investments in listed equity securities held-for-trading	31,051	50,602	Level 1	Quoted bid prices in an active market
Redeemable Preference Shares classified as financial assets at FVTPL	305,115	633,473	Level 3	Discounted cash flow based on the estimated future cash flows that are discounted at rate of 5.5% (Note i)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 30 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(a) *Fair value hierarchy and valuation techniques used to determine fair values (Continued)*

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2022 and 31 December 2021 on a recurring basis: (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)		
Structured bank deposits at FVTPL	66,082	307,036	Level 3	Quoted prices from financial institutions
Loan receivable from associates and amounts due from associates at FVTPL	—	—	Level 3	Discounted cash flow based on the estimated future cash flows (including the key input of growth rate of 2.0% (31 December 2021: 2.0%)) that are expected to receive by the Group as well as the estimated timing of such receipts, discounted at a rate that reflects the credit risk of the associates of 18.9% (31 December 2021: 18.6%) (Note ii)

Notes:

- (i) As at 30 June 2022, a 0.5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the fair value of Redeemable Preference Shares by HK\$5,574,000/HK\$5,704,000 (31 December 2021: HK\$44,079,000/HK\$52,895,000).
- (ii) The management of the Group has performed sensitivity analysis on loan receivable from associates at FVTPL and amounts due from associates at FVTPL as at 30 June 2022 for (i) a 0.5% increase in the growth rate holding all other variables constant and (ii) a 0.5% decrease in the discount rate holding all other variables constant. There is no change to the carrying amount of loan receivable from associates at FVTPL and amounts due from associates at FVTPL as the change in fair value in the sensitivity analysis is then offset by the share of loss of RGAP Group, the management of the Group considers the disclosure of the result of sensitivity analysis is unrepresentative for loan receivable from associates at FVTPL and amounts due from associates at FVTPL as at 30 June 2022.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 30 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

- (a) *Fair value hierarchy and valuation techniques used to determine fair values (Continued)*

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2022.

**Level 1:** The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 30 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

### (b) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2022 and 2021:

	Other financial assets at FVTPL HK\$'000	Loan receivable from associates HK\$'000	Amounts due from associates HK\$'000	Financial assets at FVTOCI HK\$'000	Structured bank deposits HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	68,135	7,311	26,289	—	427,553	529,288
Purchase	600,240	—	—	—	—	600,240
Placement of structured deposits	—	—	—	—	923,806	923,806
Withdrawal of structured deposits	—	—	—	—	(432,173)	(432,173)
Advance to associates	—	—	60,869	—	—	60,869
Share of results of associate	—	(4,905)	—	—	—	(4,905)
Currency realignment	776	(118)	—	—	5,730	6,388
Fair value change to profit or loss	—	(2,288)	(87,158)	—	—	(89,446)
At 30 June 2021 (unaudited)	<u>669,151</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>924,916</u>	<u>1,594,067</u>
At 1 January 2022 (audited)	1,098,808	—	—	124,850	307,036	1,530,694
Disposal/settlement/redemption	(342,274)	—	—	—	—	(342,274)
Placement of structured deposits	—	—	—	—	67,990	67,990
Withdrawal of structured deposits	—	—	—	—	(302,233)	(302,233)
Advance to associates	—	—	6,950	—	—	6,950
Repayment from associates	—	—	(10,290)	—	—	(10,290)
Share of results of associates	—	23,150	—	—	—	23,150
Currency realignment	(40,119)	(623)	—	(1,243)	(6,711)	(48,696)
Fair value change to profit or loss	(41,688)	(22,527)	3,340	—	—	(60,875)
Fair value change to other comprehensive income	—	—	—	(27,476)	—	(27,476)
At 30 June 2022 (unaudited)	<u>674,727</u>	<u>—</u>	<u>—</u>	<u>96,131</u>	<u>66,082</u>	<u>836,940</u>

There were no transfers between the levels of the fair value hierarchy in the six months to 30 June 2022. There were also no changes made to any of the valuation techniques applied as of 31 December 2021.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated statement of financial position approximate their fair values.